GOVERNMENT OF INDIA
URBAN EMPLOYMENT AND POVERTY ALLEVIATION
LOK SABHA

UNSTARRED QUESTION NO:3723
ANSWERED ON:19.04.2005
STAMP DUTY
Madhwaraj Smt. Manorama

Will the Minister of URBAN EMPLOYMENT AND POVERTY ALLEVIATION be pleased to state:

(a) whether the Union Government proposes to slash stamp duty on real transactions to curb generation and circulation of black money;

(b) if so, the details thereof;

(c) whether the Government proposes to pay compensation to States on revenue losses on this account, if they agree to lower stamp duty rates;

(d) if so, the details thereabout;

(e) whether Maharashtra and Delhi have shown promising results by generating more revenue on lower stamp duty thereby curbing circulation of black money in real deals; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF URBAN EMPLOYMENT & POVERTY ALLEVIATION (KUMARI SELJA)

(a)&(b): Being a State subject, the stamp duty on reality transaction does not come under the purview of the Union Government.

(c)&(d): Govt. approved the scheme of Urban Reforms Incentive Fund on 28.6.2003 which provided for giving incentives to the States/UTs which are willing to carry out urban reforms out of the specified list. One of the reforms relates to reduction of stamp duty to not more than 5% by the end of 2006-07 (Xth Five Year Plan). However, the releases under Urban Reforms Incentive Fund are in the nature of incentives and are not compensation for any revenue losses.

(e)&(f): Delhi Government has reduced the stamp duty from 8% to 5% in the year 2003 and this has increased the stamp duty collection in the subsequent years.

Maharashtra Govt. has also reduced stamp duty to the maximum of 5% from first July, 2004 which has resulted in an increase of transactions being brought on record. It has had a positive impact on realization of revenue.